

For the calendar year 1996, or fiscal year

beginning \_\_\_\_\_, 19\_\_\_\_\_, and ending \_\_\_\_\_, 19\_\_\_\_\_

Attach to your return

Name(s) as shown on Form 140, 140PY, 140NR, 140X, 120, 120S, 120X or 165	Your social security number or federal employer ID number
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1 Has the business been certified as a qualified defense contractor by the Arizona Department of Commerce? Yes ☐ No ☐

If the answer to this question is no, the business is not eligible for the defense contracting credits.

**Part I Net Increase in Defense Employment Positions**

2 Average employment during the current taxable year under United States Department of Defense contracts .....	2		
3 Employment baseline .....	3		
4 Net increase in defense employment positions - subtract line 3 from line 2 .....	4		

**Part II Net Increase in Qualified Private Commercial Employment Positions**

5 Net increase in private commercial employment positions .....	5	
6 Number of new qualified private commercial employment positions. See instructions .....	6	
7 Net increase in qualified private commercial employment positions. Enter the lesser of line 5 or line 6 .....	7	

**Part III Credit Calculation for Qualified Employment Positions**

		(a) Number of qualified defense positions	(b) Number of qualified commercial positions	(c) Credit per qualified employment position	(d) Allowable credit
8	Qualified net new employment positions			\$2,500	\$
9	Qualified employment positions in the second year of existence			\$2,000	\$
10	Qualified employment positions in the third year of existence			\$1,500	\$
11	Qualified employment positions in the fourth year of existence			\$1,000	\$
12	Qualified employment positions in the fifth year of existence			\$500	\$
13	Total				\$

**Part IV Credit Calculation for Property Taxes Paid on Class Three Property**

14 Amount paid as taxes on property in Arizona classified as class three pursuant to ARS § 42-162 .....	14			
15 Percent based on net new defense employment positions. See instructions .....	15		.	
16 Multiply line 14 by line 15 .....	16			
17 Percent based on defense contract income divided by total gross income. See instructions .....	17		.	
18 Allowable credit for property taxes. Multiply line 16 by line 17 .....	18			

**Part V S Corporation Election and Shareholder's Share of Credit****FOR S CORPORATIONS ONLY**

**19** The S corporation has made an irrevocable election for the taxable year ending \_\_\_\_\_, 19\_\_\_\_, to:  
**(CHECK ONLY ONE BOX)**

☐

1 Claim the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 (for the taxable year mentioned above);

**OR**

☐

2 Pass the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 through to its shareholders (for the taxable year mentioned above).

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

If passing the credit through to the shareholder, complete lines 20 through 23 separately for each shareholder.

Furnish each shareholder with a copy of the completed Form 302.

**20** Name of shareholder \_\_\_\_\_

**21** Shareholder's TIN \_\_\_\_\_

**22** Shareholder's share of the amount on Part III, line 13, column (d). \_\_\_\_\_

**23** Shareholder's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VI Partnerships Only - Partner's Share of Credit**

Complete lines 24 through 27 separately for each partner.

Furnish each partner with a copy of the completed Form 302.

**24** Name of partner \_\_\_\_\_

**25** Partner's TIN \_\_\_\_\_

**26** Partner's share of the amount on Part III, line 13, column (d). \_\_\_\_\_

**27** Partner's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VII Available Carryover**

		(a)	(b)	(c)	(d)	(e)	(f)
28	Carryover credit from taxable year ending						
29	Original credit amount						
30	Amount previously used						
31	Available carryover - subtract line 30 from line 29.						
32	Total available carryover						

**Part VIII Total Available Credit**

- 33 Current year's credit for qualified employment positions. Individuals, corporations, or S corporations - enter amount from Part III, line 13, column (d). S corporation shareholders - enter amount from Part V, line 22. Partners of a partnership - enter amount from Part VI, line 26 .....
- 34 Current year's credit for property taxes paid on class three property. Individuals, corporations, or S corporations - enter amount from Part IV, line 18. S corporation shareholders - enter amount from Part V, line 23. Partners of a partnership - enter amount from Part VI, line 27 .....
- 35 Available carryover from Part VII, line 32, column (f) .....
- 36 Total available credit - add lines 33, 34 and 35. Enter total here and on Form 300, Part I, line 1 or Form 301, Part I, line 1 .....

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35				
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